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MARKETSPAN CORPORATION D/B/A BROOKLYN UNION OF L.I.
175 Old Country Road
Hicksville, NY

February 1, 1999

Honorable Debra Renner
Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re:	Case 93-G-0932	Proceeding on Motion of Commission to Address Issues Associated with the Restructuring of the Emerging Competitive Natural Gas Market.
	Case 97-G-1380	In the Matter of Issues Associated with the Future of the Natural Gas Industry and the Role of Local Gas Distribution Companies.

Dear Acting Secretary Renner:

Attached for filing electronically with the Commission are the following tariff leaves, issued by MarketSpan Gas Corporation d/b/a Brooklyn Union of Long Island ("the Company") to become effective on and after April 1, 1999:

First Revised Leaf No. 4	First Revised Leaf No. 73
Original Leaf No. 73.1	First Revised Leaf No. 133
First Revised Leaf No. 134	First Revised Leaf No. 135
Second Revised Leaf No. 136	First Revised Leaf No. 137
First Revised Leaf No. 138	First Revised Leaf No. 139
First Revised Leaf No. 140	First Revised Leaf No. 141
First Revised Leaf No. 142	Original Leaf No. 142.1
Original Leaf No. 142.2	First Revised Leaf No. 154
First Revised Leaf No. 155	First Revised Leaf No. 156
First Revised Leaf No. 157	First Revised Leaf No. 158
First Revised Leaf No. 159	First Revised Leaf No. 160
Original Leaf No. 160.1	Original Leaf No. 160.2
Original Leaf No. 160.3	Original Leaf No. 160.4
Original Leaf No. 160.5	

to Schedule for Gas Service, PSC No. 1-GAS.

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The purpose of this filing is to comply with the Commission's *Policy Statement*[1] directing that local distribution companies ("LDCs") terminate the mandatory assignment of capacity and put in its place, a program which provides marketers and/or customers with the option of using or declining their utility capacity.

Several modifications to NaturalChoice K were necessary to achieve the *Policy Statement* directives. All of these modifications must be considered as a whole; no one modification is intended to stand alone.

The *Policy Statement* requires that LDCs provide gas marketers with the option of utilizing the customer's utility upstream capacity or declining such capacity and procuring the marketers' own capacity for their customer pools. The Company's current aggregated customers transportation program has been modified to give third party gas suppliers the option of utilizing non-utility capacity over utility capacity assignment. Currently, the large majority of transportation customers are utilizing utility upstream capacity. In order to induce marketers to procure their own capacity, the program was modified to move delivery balancing and credits from the customer level to the marketer level. In addition, associated upstream transportation credits are applied to marketers in lieu of load factor adjustments when marketers utilize their own capacity.

The three firm transportation service options made available to customers are as follows:

1. A non-utility capacity option will provide marketers and/or customers the opportunity to procure their own capacity from a third party. The marketer of an aggregated customer pool or the customer arranging deliveries on its own behalf will receive an upstream transportation credit equal to the Monthly Pipeline Cost Adjustment less Daily Swing Service Monthly Demand Charge and applicable Standby Gas Service Charges. The upstream transportation credit received by the marketer will replace the load factor adjustments applied to customers. Monthly balancing of gas between deliveries and meter reads for an aggregate customer pool will no longer be done on a customer specific basis, but instead will be balanced at the marketer's aggregate pool level. Cash outs for the marketer's pool will be performed on a monthly basis. These enhancements will encourage the use of non-utility capacity.

   The following rates and charges pertaining to the upstream assets and gas supply required to accommodate variations in the marketer's aggregate pool or customer's daily account balance between the marketer's deliveries and actual consumption:

   a. Daily Swing Service Monthly Demand Charge is equal to the customer's daily swing service monthly demand charge which is calculated by multiplying the per therm daily swing service demand charge (as stated on the Statement of Unbundled Transportation Service Charges) and varies monthly by customer's

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[1] *Policy Statement Concerning The Future Of The Natural Gas Industry In New York State and Order Terminating Capacity Assignment*, Cases 93-G-0932 and 97-G-1380, issued November 3, 1998 ("*Policy Statement*").

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annual normalized consumption and then multiplying that product by 1/12.

b. Daily Swing Service Monthly Imbalance Charge is used to set the monthly balance of the Customer's account after each meter reading to zero. This shall be done by comparing the sum of the customer's deliveries to the Company for the month to the customer's actual usage for the same period. If the customer consumed more gas than delivered to the Company for his account, the excess shall be purchased by the Customer at the Company's Monthly Average Commodity Cost of Gas for the same period. If the customer consumed less gas than delivered to the Company for his account, the shortfall shall be credited to the customer at the Company's Monthly Average Commodity Cost of Gas for the same period.

2. The option of utilizing the Company's released upstream capacity option with seasonal deliveries will continue to be offered. Modifications were made with respect to the balancing of gas between deliveries and meter reads from the customer level to marketers as follows:

   On April 1, the Company will reconcile the total of the Seasonal Delivery Quantities and Customers Consumption Quantities on an aggregate basis during the twelve month period ending March 31. If the total consumption quantities exceed the total Seasonal Delivery Quantities, the customer did not deliver enough gas to meet his demand for the period and the customer shall be billed by multiplying such excess per therm by the Company's Actual Monthly ICOG for the period, as set forth on the Statement of Unbundled Transportation Service Cash Out Charges on file with the Commission. If the total of the Seasonal Delivery Quantities for such period exceeds the total of the consumption quantities, such excess shall be cashed out with the Seller at the Company's Average Commodity Cost of Gas for the period.

3. The option to utilizing the Company's released upstream capacity without seasonal deliveries will continue to be offered. Modifications were made with respect to the monthly balancing of gas between deliveries and meter reads from the customer's bill and aggregated in the marketer's pool and then cashed out with the marketer on monthly basis as follows:

   Customers that choose to deliver gas based on the Projected Use Profile, the Company shall balance their account to zero monthly after meter reading. This shall be done by comparing the sum of the customer's deliveries to the Company for the month to the customer's actual usage for the same period. If the customer consumed more gas than delivered to the Company for his account, the excess shall be purchased by the Seller at the Company's Monthly Average Commodity Cost of Gas for the same period. If the customer consumed less gas than delivered to the Company for his account, the shortfall shall be credited to the Seller at the Company's Monthly Average Commodity Cost of Gas for the same period.

Additional rates and charges were necessary to effectuate program changes consistent with marketer capacity options. Standby service, city gate shortfalls, operational flow and Force

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Majeure orders were addressed in order to ensure the integrity of the system.

a. Standby Gas Service: The Company will provide a back up to the gas supply of any Customer subscribing to Standby Gas Service. Customers that are Human Needs Customers electing transportation service under this service classification are required to subscribe to Standby Gas Service for the duration of their Firm Transportation Service Agreement. Human Needs Customers are customers that cannot be without sufficient energy backup and that need to call upon the local utility company in the event all of his or its alternative energy options fail. Standby Gas Service will be offered to Non-Human Needs Customers to the extent the Company has excess capacity and gas supply available. The Company will not be obligated to provide gas to any Customer who does not subscribe to this service on any day when gas is not delivered to the Company for transportation by the Company to the Customer's facilities. The Company will provide Standby Gas Service for a maximum of forty-five (45) consecutive days.

b. Operation Flow Orders: The Company shall have the right to issue Operation Flow Orders ("OFOs") in order to maintain system integrity or to ensure the Company's continued ability to provide service to its firm customers. The Company may issue any of the following OFOs: (i) In the event that additional gas supplies are required, Company may require Seller to fully utilize upstream capacity that it received from Company through capacity release. (ii) Company may require Seller to deliver gas supplies either to Company's city gate or to any upstream point of delivery available under the agreement with a Transporter that the Seller obtained from the Company through capacity release. (iii) Company may issue any other OFO reasonably required to maintain system integrity or to ensure the Company's continued ability to provide service to its firm customers.

c. Force Majeure: The marketer will not be excused from delivering the required daily delivery quantity on any given day for Force Majeure events unless directed otherwise by the Company which directly and substantially affects their natural gas deliveries to the Company.

d. City gate balancing: Marketers that deliveries in excess of 102% of the Customer's delivery quantity will have their penalty charge reduced by an amount equal to the deliveries in excess of the Customer's delivery quantity multiplied by the Company's Daily Commodity Cost of Gas. In the event that the total quantity of gas delivered to the city gate is less than 98% of the Customer's daily delivery quantity, the marketer will pay a penalty charge and an amount equal to the deliveries less the Customer's ADDQ multiplied by the Company's Daily ICOG.

The *Policy Statement* also addressed the LDCs' right to recover stranded upstream capacity costs resulting from the migration of firm sales customers to transportation service. The enclosed leaves set forth a mechanism by which the Company may recover such costs. This action will provide the mechanism for customers through marketers to move from utility to non-utility capacity options while the Company recovers stranded capacity costs associated with this activity

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from all firm sales and transportation customers. The provision to recover stranded capacity costs will be incorporated into the tariff to be effective April 1, 1999.

The Company shall equate its stranded upstream capacity resulting from third party gas transaction to be equal to the sum of gas marketers' capacity delivered to the Company's city gate on behalf of the Company's aggregated transportation customers. The cost associated with such stranded capacity shall be calculated monthly by determining the Company's average actual cost for capacity (excluding the cost of capacity used to effectuate off system sales) and multiplying that cost by the ratio of total monthly stranded capacity volumes divided by total monthly capacity owned by the Company (excluding capacity used to effectuate off system sales). This cost shall be recovered on a volumetric basis from all firm sales and firm transportation customers by dividing such stranded cost by the forecasted volumes for firm sales and firm transportation customers.

If you have any questions regarding this filing, please contact Nancy Cianflone at 718-403-2505 or Mark Marra at 718-403-3046.

Respectfully submitted,

MARKETSPAN GAS CORPORATION
D/B/A BROOKLYN UNION OF L.I.

By: ______________________________

NCC:MM:dh
Enc.